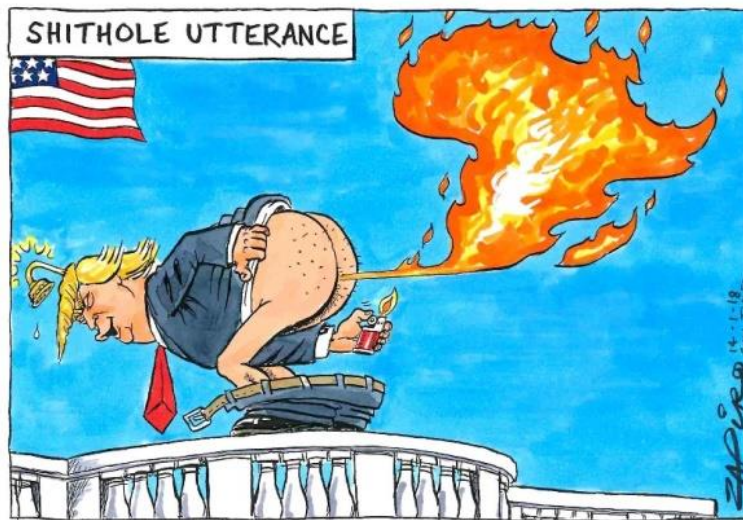


# Trump's tariff's impact on Africa

## When elephants fight, it is the grass that suffers

by

[Dirk Kohnert](#)<sup>1</sup>



[‘Trump’s ‘African shitholes’ utterance’.](#)

Credit: Zapiro, [Jonathan Shapiro](#), South African cartoonist  
Cape Town, [SundayTimes](#), January 14, 2018

The international discussion on Trump's dispute over import tariffs for steel, aluminum and even cars is so far focused on the big global players. However, African countries, in particular, suffer from the punitive tariffs, similar to the famous African proverb, '*When elephants fight, it is the grass that suffers*'. After years of talk on a partnership for economic development ([AGOA](#), [Cotonou Agreement](#), [EPAs](#), etc.) Trump's tariffs mean a severe blow to participatory African trade and sustainable industrialization. Egypt and South Africa for example, the potentially most affected countries in Africa, face massive job losses and diminishing earning opportunities, with all the consequences that this entails for their already fragile economy and the population in dire poverty.

### *The general impact of Trump's tariffs on African trade*

At least since the derogatory comments of the American President on Africa in January 2018, in which Donald Trump described African states as '*shitholes*', the weight he attached to Africa became clear beyond doubt. Evidently, from his point of view, America's greatness is based on other spheres of influence than Africa. This is in disregard to the fact that Africa

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and the African diaspora contributed significantly to the making of the United States, to its development into the country that it is today. Trump rather concentrates on global competitors, such as China, Canada, Russia and Europe in order to 'put America first again'.

In absolute terms, Trump may be right. The dimension of imports of steel and aluminum from Africa might be negligible in relation to overall imports and its supposed negative effects on employment of US working-class whites in Rust Belt states, such as Pennsylvania, Michigan, Wisconsin and Iowa, who belong to the clientele of Trump's Republican voters.

However, Africa is far more dependent on overseas trade than other economic regions and global players, such as the EU or North America that handle 63% and 40% respectively of their business with their regional neighbors. Major reasons for Africa's dependency are the fragmented intra-African market, decades of stagnant regional and continental integration, high transaction costs, and corresponding tariff and non-tariff barriers to trade. Most of these barriers are at least partially due to rival neo-colonial foreign trade networks of Anglo-, Franco- and Lusophone African countries, like the 'closed shop' of the notorious French business-network of the '*Messieurs Afrique*' ([Kohnert, 2005](#)).

Africa's infant industries rely heavily on foreign trade in view of its limited local and regional markets. Intra-African trade accounts for far below 20% of total African foreign trade. The Pan-African Free Trade Agreement (CFTA) that was recently negotiated on a special AU summit in Kigali (Rwanda, 21 March 2018) by 44 African states is not likely to change this situation in the foreseeable future. CFTA is supposed to liberalize intra-African services completely and 90% of trade in goods. Yet, the common external tariffs have not yet been negotiated, last, but not least, because of controversial EU-Africa trade agreements (EPAs, [Kohnert 2015](#)), and since some of the major African countries, for example, South Africa, Nigeria and Uganda, have not yet joined the CFTA.

Finally, unfair trade relations to the disadvantage of African countries overshadow African foreign trade since colonial times. Africa has still been integrated asymmetrically into global trade. Raw material and agricultural exports on the one hand and capital goods imports on the other still dominate African foreign trade. One of the origins of Africa's current inability to benefit fully from the expansion of world trade lies in the colonial division of labor, the consequences of which persist in economic structures far more than in other continents ([Barratt Brown, 2007](#)).

Under these conditions, the free trade ideology of the Bretton Woods Institutions, propagated for decades by Structural Adjustment Programs of the IMF, rather conserved the status quo than sustainable African growth. This, the more so as Africa's commodity prices have fallen in international markets since the 1970s, whereas at the same time consumer prices have risen. All this makes for the volatility of African foreign trade relations that would still be aggravated by Trump's tariffs.

Still, Africa is mostly ignored in the international scholarly discussion about the effects of Trump's protective tariffs on steel (25%), aluminum (10%), cars and other imports. Besides, examples of African countries like South Africa, Egypt and Rwanda, who have little power to retaliate, show that Trump's protectionism is inspired not only by economic and 'national security' reasons, which may be allowed for by WTO regulations. Evidently, Trump wants to

enforce good conduct of trading partners in order to 'make America great again', which is obviously illegal according to WTO rules. He went to such length to punishing Rwanda for taxing second-hand American clothes in order to protect its infant textile industry.

### *Steel production in the US and Africa in comparison*

The steel production (in 1,000 tons) in the USA in January 2018 was 6,822, i.e. about ten times as high as in Egypt (660) or South Africa (577). Other major African steel exporters like Libya (48) and Morocco 45 (Aug. 2017) were far behind in third and fourth place, respectively. Worldwide, South Africa and Egypt rank 22nd and 27th globally in steel production, that is, far behind China, the world's largest steel producer, with 808.4 million mmt or 50% of world production. Still, barely 2% of the steel imported into the US last year came from China ([S&P Global Platts, New York, 4 Mar 2018](#)). Share levels in aluminum were a bit higher, but not predominant either. The vast majority of Chinese steel shipments went to other countries. Trade diversion as result of Trump's protective tariffs could lead to the dreaded crowding out and cut-throat competition with respect to the infant African steel industry.

However, compared to the US, China or Europe, the metalworking industry in African countries, such as South Africa, Egypt and Nigeria, has a significantly higher importance for its domestic economy and sustainable growth. In total, the manufacturing industry in South Africa had 1,213,560 employees in 2014, of which the largest share was in the metalworking industry, namely 257,098 or 21% ([Statistics, South Africa](#)). In Egypt, the total number employed in industry in 2015 was 25% of all economic sectors, with its steel industry considered to embody the nation's economic resilience ([OBG, 2016](#)).

### *Conclusion*

African states still strive to cope with the legacy of the slave trade, colonialism, and the subsequent struggle for political and economic independence in a crisis prone continent. Decades of development aid and well-intentioned though not necessarily altruistic treaties to promote development by trade, like the for mentioned AGOA and the ACP-EU [Cotonou agreement](#) which runs out in 2020, were steps in the right direction, though they apparently had little effect to accelerate the development process up to now. The present move of the Trump administration to put 'America first' and to concentrate on the 'real friends' of the US, seems to be a step backwards to the times of the cold war, according to the maxim, if you're not with us, you're against us. The punitive tariffs introduced among others on imports from African countries means blunt power politics without regard to the needs of developing countries in Africa or elsewhere. Yet, unlike competing global players, targeted by Trump, African countries lack the power to retaliate. It is a slap in the face of those bona fide Africans who thought there would be more level playing field with the US, at least since the [AGOA-treaty](#) and the great expectations aroused by the Obama-administration ([Lymann et al 2009](#)).

Keen to learn more about Trump's tariffs impact on Africa? Then look for the next issue of [Review of African Political Economy](#), forthcoming. A pre-print [author's version](#) is already online !

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